

## Message Text

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63/50

ACTION INT-08

INFO OCT-01 EA-11 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03

INR-10 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 GSA-02 EUR-25 DRC-01

/167 W

----- 039620

R 030901Z MAY 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 2122

INFO AMEMBASSY BANGKOK

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMCONSUL MEDAN

AMEMBASSY SINGAPORE

AMCONSUL SURABAYA

UNCLAS JAKARTA 5433

DETPASS DEPT INTERIOR FOR BUMINES, ATTN: NAHAI

C O R R E C T E D C O P Y F O R:

LINE 7 CHANGE 800 TONS ALUMINA TO 800,000 TONS

LINE 8 CHANGE EAST TO WEST

BOTH CORRECTIONS IN NUMBERED PARA 6

E.O. 11652: N/A

TAGS: EMIN, ID

SUBJ INDUSTRIAL OUTLOOK REPORT: MINERALS AND MINING

REF: A) CERP 0429

B) JAKARTA A-187 OF 8/15/73

1. EMBASSY SUBMITTING TELEGRAPHICALLY AVAILABLE

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PRODUCTION AND EXPORT DATA AND NARRATIVE HIGHLIGHTS

FROM DRAFT REPORT ON RECENT DEVELOPMENTS IN THE  
MINING SECTOR, IN ORDER TO MEET BUREAU OF MINES  
PUBLICATION REQUIREMENTS TO GREATEST FEASIBLE EXTENT.

2. FOLLOWING 1973 PRODUCTION DATA PRICIPALLY FROM  
DEPARTMENT OF MINING FORM SERIES WITH FIGURES SUBMITTED  
REF B:

PRODUCT AND UNIT OF MEASUREMENT	1973	INCREASE	PRODUCTION OVER '72
TIN-IN-CONCENTRATES, MT	22,490	PLUS 3 PER CENT	
(OF WHICH) TIN METAL, MT	14,632	PLUS 22	
BAUXITE, MT	1,229,375	-3	
NICKEL ORE, MT	867,319	-7	
GOLD, KG	352	PLUS 4	
SILVER, KG	8,372	PLUS 8	
MANGANESE ORE	NA.	N.A.	
ROCK ASPHALT, MT	95,149	-17	
COAL, MT	148,826	-17	
IRON SANDS, MT	280,938	PLUS 6	
COPPER CONCENTRATES	137,700	PLUS 1412	
DIAMONDS, CARATS	N.A.	N.A.	

3. FOLLOWING DATA ON EXPORT EARNINGS FORM A SERIES  
WITH SUBMISSION REF B, AND COME MAINLY FROM PRODUCING  
COMPANIES.

PRODUCT	1973 EXPORT EARNINGS	IN U.S. \$	INCREASE	OVER 1972
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TIN	88,818,000	PLUS 72
NICKEL ORE	10,702,000	-8
BAUXITE	6,843,000	PLUS 6
IRON SANDS	1,124,000	-21

MANGANESE ORE    N.A.            N.A.

SILVER            551,000            PLUS 99

COPPER CONCENTRATES

CIRCA            60,000,000            PLUS 2500

4. WORLD PRICE DEVELOPMENTS SWEETENED EARNINGS FROM INDONESIA'S PRINCIPAL HARD MINERALS EXPORTS, TIN AND COPPER, WHILE YEAR'S SHARP ENERGY PRICE INCREASES HEIGHTENED INTEREST IN INDONESIAN COAL. GROSS TIN EXPORT EARNINGS INCREASED FROM \$70 MILLION IN 1972 TO \$89 MILLION IN 1973, OR 27 PERCENT ON AN OUTPUT INCREASE OF 3 PERCENT. INDONESIAN COPPER CONCENTRATES, SHIPPED FIRST TIME IN HISTORY DECEMBER 1972, EARNED OVER \$60 MILLION IN 1973 ON SHIPMENTS TOTALING 137,700 TONS (COPPER CONTENT A LITTLE OVER 30 PERCENT). PLANS ADVANCING TO REVIVE PRODUCTION FROM SUMATRA'S BUKIT ASAM AND OMBILIN COAL MINES, AND INVESTIGATION OF NEW DEPOSITS IN BUKIT ASAM AREA AND NEAR PADANG RECEIVED NEW IMPETUS FROM WORLD ENERGY SHORTAGE.

5. POLITICAL DISTURBANCES THAT SHOOK JAKARTA IN JANUARY INTRODUCED NEW COMPLICATIONS IN CONTROVERSY THAT HAS STALLED ACTION ON NEW MINING PERMITS ("CONTRACTS OF WORK") SINCE JUNE 1972. NEW PRESSURES HAVE ARISEN TO NARROW FIELDS OPEN TO FOREIGN MINING COMPANIES AND TO INCREASE AND ACCELERATE INDONESIAN PARTICIPATION IN OWNERSHIP OF INDIVIDUAL FOREIGN-SPONSORED ENTERPRISES. THESE CHANGES HAVE NOT YET BEEN EXPRESSED IN NEW PATTERN "THIRD GENERATION" CONTRACT OF WORK AND IT CANNOT NOW BE PREDICTED WHEN FIRM POLICY FRAMEWORK MAY BE ESTABLISHED PERMITTING INITIATION OF NEW FOREIGN VENTURES.

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6. AT LEAST UNTIL NOW THESE DEVELOPMENTS HAVE HAD NO DISCERNABLE IMPACT ON OPERATIONS OF ESTABLISHED FOREIGN MINING COMPANIES, WHICH ARE PRESSING FORWARD WITH SURVEY, EXPLORATION, AND IN SOME CASES DEVELOPMENT ACTIVITIES. AMONG PROJECTS IN DEVELOPMENTAL STAGE, ALCOA DISCLOSED TO GOI THIS JANUARY INTENTION INVEST HUNDREDS OF MILLIONS IN PLANT TO PRODUCE 800,000 TONS ALUMINA ANNUALLY FROM LOW-GRADE BAUXITE IN WEST KALIMANTAN (A PROJECT THAT HAS NOT RPT NOT BEEN PUBLICIZED LOCALLY). INCO PRESSED FORWARD WITH CONSTRUCTION OF PLANT TO PRODUCE NICKEL MATTE FROM LATERITIC ORES NEAR SOROAKO, CENTRAL SULAWESI, AND IS CONSIDERING EXPANSION FROM 35 MILLION POUNDS NICKEL CONTENT TO SECOND-PHASE CAPACITY OF 100 MILLION POUNDS. PACIFIC NICKEL ON OTHER HAND HAS

SUSPENDED DEVELOPMENT OF ITS \$700 MILLION PROJECT TO  
PRODUCE METALLIC NICKEL FROM ORES ON GAG ISLAND,  
PENDING STABILIZATION RELATIVE PRICES NICKEL AND PROJECT  
INPUTS, ESPECIALLY PETROLEUM, AT ACCEPTABLE LEVELS.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MINING, CERP 0429, MINERALS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 03 MAY 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Office:** ACTION INT  
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**Original Handling Restrictions:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** A) CERP 0429  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** elyme  
**Review Comment:** n/a  
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**Review Transfer Date:**  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** INDUSTRIAL OUTLOOK REPORT: MINERALS AND MINING  
**TAGS:** EMIN, ID  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005